

STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE
601 DELAWARE AVENUE
WILMINGTON, DELAWARE 19899

TAX NEWSGRAM 75-1

January 22, 1975

WITHHOLDING TAXES

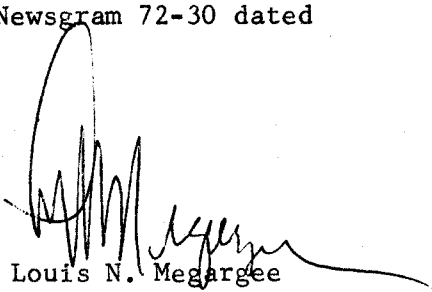
- Exemptions

The Internal Revenue Service allows a taxpayer, under certain circumstances, to increase his exemptions in order to correct the overwithholding of Federal income taxes. The question has been raised as to whether the State of Delaware will conform with the new Federal law of liberalized withholding exemptions.

Section 1151 (b), Title 30, Delaware Code, states an employee shall be entitled to the same number of exemptions for State purposes as the number to which he is entitled for Federal income tax withholding purposes. Delaware will, therefore, permit employers to withhold the State tax on the basis of the Federal Form W-4 filed by the employee.

If, on the other hand, using the same number of exemptions for withholding of State taxes results in underwithholding of State income taxes, the employee may reduce his exemptions by modifying the Federal Form W-4 for State purposes.

This Newsgram modifies Tax Newsgram 72-30 dated March 2, 1972.



Louis N. Megargee
Director of Revenue

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